

# Office of the City Auditor

## City of San Diego

### BID TO GOAL:

# Options to Assess the Reasonableness and Challenge Level of Gainsharing Goals

**Audit Committee Meeting, May 10, 2010**



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# Introduction

- At the Request of the Audit Committee, we met with Public Utilities Department officials and five water and wastewater engineering consultants as well as other consultants to discuss the feasibility of benchmarking gainsharing goals.
  - ♦ We did not conduct a Request for Information (RFI) due to time constraints.
- The options we are providing for your consideration is based on these discussions.
  - ♦ 5 informal estimates from consultants.
  - ♦ HDR, Inc. proposal to convene volunteer panel of experts.
  - ♦ AKT estimate to test gainsharing goals.

# Proposals and Scope of Work

- The scope of work includes measuring a cross section of fiscal year 2011 goals to assess the reasonableness and challenge level of the goals.
  - Based on industry standards and benchmarks.
  - Timeframe June 1-June 30 (may be extended one month)
  - Proposals do not constitute firm bids--any contract will have to be awarded through an appropriate procurement process.
- HDR suggested alternative for the Department to implement.
  - Assembling an unpaid panel of local experts to review and comment on the relevance and challenge level of the goals.

# Options

	Methodology	Cost Range	Timeframe
<b>Company 1</b>	Identify 40 goals for benchmarking; compare goals to similarly tracked performance metrics or goals from comparable utilities; assess how San Diego is doing relative to peers.	\$33,000-39,700	30-60 days
<b>Company 2</b>	Review and categorize 40 goals; identify methodologies for goals and specified measurement method; evaluate reasonableness; develop recommendations for revisions of goals and measures. and issue report.	\$83,600	30 days
<b>Company 3</b>	Identify 3-5 peer water or wastewater agencies serving similar populations in California; review goals and select half or 40 goals for the benchmark study; develop questionnaire for the benchmarking study; interview representatives from peer agencies and Department; evaluate data collected; provide summary of findings.	\$78,000-\$99,500	11 weeks
<b>Company 4</b>	Sample approximately 50 percent of the goals based on alignment with the Department's core business mission and impact of the goal; interview selected staff to learn about the goal-setting process; develop benchmarking information from relevant industry benchmarks and interviews with peer utilities; prepare and present a letter report.	\$55,000	30 days
<b>Company 5</b>	Review all goals; sample a selection of goals; identify and solicit participation from up to 20 benchmarking partners (utilities); survey benchmarking partners to assess a selection of goals; prepare and present a report with findings and recommendations.	\$66,000	30-60 days

# Option for Testing Goals

- AKT provided cost estimates of \$42,000 to \$50,000 to increase the scope of work in its contract with the City to include evaluating goals before they are approved.
  - Reviewing goals for measurability and Justification of Challenge Level
  - Determining whether supporting documentation is sufficient; and
  - Providing input when appropriate for improving the measurability and challenge level of goals.
- AKT indicated that it would be difficult for them to review the goals for fiscal year 2011 within the required timeline.